Northwest Territories
Education, Culture and Employment
Resources, Wildlife and Economic Development
Volume 1, Issue 9
November 2002

OIL AND GAS UPDATE

*Welcome to the November issue of the **Oil and Gas Update**, the newsletter that provides training and activity updates related to oil and gas development in the Northwest Territories. This newsletter is published bi-monthly by the Department of Education, Culture and Employment in partnership with the Department of Resources, Wildlife and Economic Development, Government of the Northwest Territories.*

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REGIONAL TRAINING HIGHLIGHTS

South Slave/Deh Cho Regions
Education, Culture and Employment (ECE) sponsored 10 participants from Fort Providence, six from Fort Simpson and 3 from Jean Marie River to participate in a three day training program offered by EOS Pipeline & Facilities Inc.

The program covered the following topics:

- Pipeline Overview
- Safety Courses (WHMIS, Transportation of Dangerous Goods, H2S)
- Equipment Operations (A)
- Equipment Operations (B)
- Hoisting & Slinging Safety

The intent of the course was to provide participants exposure to what is involved in pipelining as well provide them with an awareness of type of work available and requirements of EOS.

Sahtu Region
Two employees of Ledcor in Norman Wells recently received the specialized training required for certification as B Pressure Welders.

Earlier this fall, ECE sponsored two employees of Northern Cartrols Ltd. to receive specialized Silicon Controlled Rectifier training.

Four individuals from Colville Lake were recently trained by Wilson Drilling in Alberta in the area of Oilfield Water Truck Training. These individuals are also in the process of obtaining their Class 1 and Class 3 driver's licences.

See page 4 for Inuvik regional training

TERRITORIAL OIL AND GAS TRAINING COMMITTEE

The Territorial Oil and Gas Training Committee met in Yellowknife on October 31, 2002. The committee is made up of representatives from HRDC, AHRDA holders, DIAND, RWED, ECE, Aboriginal Summit, Aboriginal Pipeline Group, Status of Women Council of the NWT, the Economic Development Advisory Forum and Industry. At the meeting, three co-chairs were chosen by committee members - Lesley Allen from Education, Culture and Employment, Joe Kronstal from Human Resources Development Canada and Rob Hunt from Akita Drilling.

The Committee conducted a final review of the Terms of Reference and is now working with a consultant to develop an Oil and Gas Industrial Skills Development Strategy. A smaller working group has been formed to develop and present a draft Strategy to the Territorial Oil and Gas Training Committee. It is anticipated that the Strategy will be finalized by mid-December.

For more information, please contact Krista Rivet at (867) 920-6384.

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MACKENZIE VALLEY PIPELINE IN THE NEWS

You may have noticed that the proposed Mackenzie Valley Gas Pipeline has been receiving a lot of attention lately from the Canadian press. People across Canada are realizing that this northern pipeline project is gaining momentum and that it has the potential to provide benefits to all Canadians; including: a clean source of fuel for future energy needs, employment and business opportunities, an opportunity for aboriginal ownership in a mega-project and significant resource revenues to the Government of Canada.

The following news items relate to the development of the Mackenzie Valley Pipeline and have appeared in news reports over the past several months:

Canada Fights Alaska Subsidies in US Energy Bill (Sept 5)
Minister Dhaliwal insists that subsidies not be included as they could distort the natural gas market and unfairly favour Alaska gas production

Imperial Wants To Fast Track Mackenzie Valley Pipeline (Sept 12)
$4 billion project could be completed as early as 2007

Peter Lougheed Key Pipeline Player (Sept 18)
Ex-Alberta Premier to help the Aboriginal Pipeline Group (APG) get funding for pipeline project

Mackenzie Gas Pipeline First, Alaska Second (Sept 18)
Alaska Producer believes NWT pipeline will be built first

Mackenzie Pipeline Offices Open in the NWT (Sept 20)
Producers Group opens regional offices in Fort Simpson, Norman Wells and Inuvik

Kaa Dule Corp Wants Pipeline Contracts (Nov 1)
Four Deh Cho organizations unite to form corporation and bid on pipeline-related contracts

Fred Carmichael New Head of Aboriginal Pipeline Group (Nov 7)
Gwich'in leader succeeds Nellie Cournoyea as chair of APG

Ottawa Won't Give Loan Guarantee (Nov 12)
Minister Dhaliwal says Feds not willing to provide funding for aboriginal ownership of pipeline. APG still confident that federal negotiator Roland Priddle can work out a compromise

Senate Votes to Kill US Energy Bill (Nov 13)
Congress to address controversial energy legislation next year

Imperial Says Pipeline Size May Double (Nov 14)
Producers considering expanding pipeline capacity to accommodate increased interests from potential shippers

Funding for Mackenzie Valley Pipeline (Nov 15)
Federal Indian Affairs Minister Nault still optimistic about the possibility of funding aboriginal participation in the pipeline. Canada's two biggest pipeline companies would also consider financing the APG.

The Mackenzie Valley Pipeline will continue to make national headlines as progress continues on the project in the months ahead.

SKILLS CANADA NWT/NU

Skills Canada NWT/NU is a non-profit organization that works with Industry, education and communities to promote trades and technology careers as first choice options for youth. As a result of increased economic activity in the NWT, trades people are increasingly in demand. Events such as the Skills Competitions, Go-cart Camps, Skills Clubs and Youth Conferences highlight the importance of staying in school and exploring a variety of occupational opportunities.

Students in many communities are now arranging for travel and sponsorship for two Youth Conferences taking place in February. The Conferences give students a hands–on opportunity to work with mentors who work in a variety of trades and technology occupations. Last year, 178 young people from 13 different communities took a serious look at the many opportunities available to them in the NWT. If you would like more information about the Youth Conferences or any of the other Skills Canada NWT/NU programs, please call (867) 873-8743, e-mail: skillsnt@ssimicro.com or visit our website at www.skillscanadanwt.org.

UNDERSTANDING KYOTO

The Kyoto Protocol is the first step in a phased agreement to begin controlling greenhouse gas emissions around the world. Canada's target in this international agreement is to cut national emissions to 6% below 1990 levels by the year 2010. Canada has still not formally ratified the Kyoto Protocol and emissions are now 20% above 1990 levels. Ratification of international agreements including the Kyoto Protocol lies entirely within the jurisdiction of the federal government.

The Government of the Northwest Territories supports ratification of the Kyoto Protocol by the Government of Canada. It is the only globally coordinated plan to control the problem of global climate change caused by greenhouse gas emissions. Canada and other countries around the world need to start taking steps to control emissions.

Warmer temperatures in the Mackenzie Valley, starting a few decades ago, are causing unusual weather, affecting permafrost and winter road schedules. Scientists predict that temperatures will get warmer as greenhouse gas levels in the atmosphere increase. The problems we are already experiencing are predicted to get worse along with other impacts on animals, plants and people.

Most of the greenhouse gases that people emit come from burning fossil fuels. In the NWT, some key examples would be the use of automobiles, the heating of homes and the generation of electricity. Canada needs to develop a plan to reduce emissions from energy use if it is going to meet its Kyoto target. The federal government has released a draft implementation framework and some preliminary analysis of how this will affect the Canadian economy. Early indications are that overall impacts on the NWT economy will be minimal but a lot more work is needed to finalize a truly national plan and assess possible economic impacts.

How might Canadian ratification of the Kyoto Protocol affect oil and gas development in the NWT? It is important to note that natural gas is a relatively clean source of fuel and therefore, the demand for natural gas might actually increase under the Kyoto Protocol. RWED has been working with other provinces and territories to ensure that no jurisdiction or sector bears an unreasonable burden resulting from climate change actions. The federal government has given their assurance that their plan will not prevent northern development from continuing. Even in a "Kyoto World", there will continue to be markets for oil and gas. Any new requirements for producers will be applied equally across Canada.

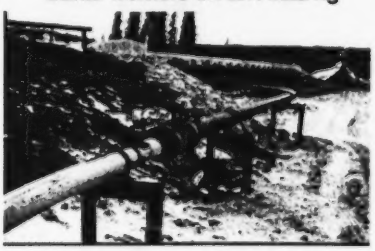
PIPELINE OPERATIONS TRAINING COMMITTEE—UPDATE

The Pipeline Operations Training Committee (POTC) met in Fort Smith on October 29 and 30, 2002 to discuss a number of items related to longer-term pipeline operations training. The committee focussed its discussions on options for the Pre-Technology, Technical and Apprenticeship training that will be required to ensure that Aboriginal and other northerners will have the skills and training to operate a natural gas pipeline in the Northwest Territories.

Training will be focussed on preparing northerners for employment as Process/Field Operators, General Technicians, Welders, Electricians and Heavy Duty Mechanics.

Committee members are currently addressing issues related to funding, recruitment, support for students, and the preparation of a communications plan. The next meeting of the POTC will be held in Calgary on December 6, 2002.

Sahtu workers on an Akita rig



Cameron Hills Pipeline

SHARE—The Mackenzie Delta HSE Synergy Group

During the June 2001 IRC Spring Meetings, it became apparent that the Oil and Gas Industry needed a single voice speaking one message concerning Industry requirements for Safety, Health, and Environmental programs.

The representatives from the Mackenzie Delta Partnership, BP and Chevron, saw an opportunity for all the Delta producers to band together and jump-start HSE in the north. The first meeting with operators and major contractors was held on July 12, 2001.

Commissioned as the Mackenzie Delta HSE Synergy Group, the logo and short name "SHARE", (Safety, Health, And Respect for Environment) was added to define who and what the group is all about.

Current Participants are: Anadarko, BP, Chevron, Conoco, Texaco, Devon, Encana, Imperial Oil, Petro-Canada, Shell, IRC, Akita Drilling, Western Geco, Veritas, Mullen Trucking, Arctic OGS, Grubens Transport, IEG, Pokiak and M & J Water.

Some of the accomplishments of SHARE include:

- Development of the Safety, Health and Respect for the Environment (SHARE) guide
- A (UPITFOS) Basic Safety Program (BSP) plus chapters addressing health, emergency response and environmental care (Mackenzie Delta focus) with hard copy, CD-ROM & website availability
- Support to other Mackenzie Delta stakeholders: IRC, local contractors on the Inuvialuit Business List and Aurora College
- Integration of five Inuvialuit contractor representatives to SHARE group—Pokiak Services, M&J Water, AOGS, E.Grubens Transport, Inuvialuit Environment Geotechnical
- Visibility— posters, ice road signage, workshops, community visits
- Safety Program Development training
- Participation at "Career Days"
- Sixty thousand dollars direct capital outlay & the equivalent in personnel time contribution

Projected SHARE Projects for this year are:

- Incident sharing (Stats accumulation)
- Industry standard orientation video/ CD
- Petroleum Show booth
- Drug & Alcohol Policy
- HSE program development
- HSE Auditing
- Emergency Response Mutual Aid

Inuvik Regional Training Highlights

Education, Culture and Employment in Inuvik is currently funding six trainee positions with three organizations. All of these trainee positions have been created in response to regional oil and gas activity.

Truck Training Class 1—Fort McPherson, May 21 - 31, 2002
This course had four days of theory in a classroom setting, which prepared participants for the air brake and driver theory. Following that, the students had six days of driving practice in a Class 1 truck. Twelve students completed this program.

Intro to Welding—Inuvik, June 24 - July 4, 2002
This was a pre-employment course designed to introduce oxy-acetylene equipment, metal arc-welding and gas arc welding. Seven students completed the course.

Two employees of Veritas DGC Ltd. Recently experienced some training "down south". Both spent 2 months doing seismic work in the Grande Cache, Alberta area. They have come back to the North having learned new skills and expanded on their work experience.

December 2-4, 2002 will see an Environmental Monitoring Phase 3 Training Program run out of Tuktoyaktuk. There are 23 people registered, 14 from Tuktoyaktuk and 9 from Inuvik/Aklavik.

Biophysical Research in the Western NWT

The Western NWT Biophysical Study is a proposal led by the GNWT to establish a research fund to support biophysical research. The Study will focus on areas of the Deh Cho, Sahtu, Gwich'in, and Inuvialuit regions that are likely to be affected by development activities. The Study proposal has been designed in consultation with aboriginal governments, the federal government, environmental non-government organizations (ENGOs) and industry stakeholders.

The results of the study will provide decision makers with current and detailed biophysical information that can be used to make informed decisions for the future. The stronger the information base, the better decision makers will be able to guide resource development to maximize opportunities without compromising the environment. The biophysical information required for sound environmental decision-making in the western NWT, particularly as it relates to cumulative effects assessment, is currently incomplete.

Research conducted through the Study will address the primary information needs for environmental assessment, regulation and management of developments in the Mackenzie Valley, long-term community based monitoring and will include research on the effects of developments on proposed and existing protected areas. Research funded through the Study will be based on regionally identified priorities, will consider both traditional and scientific knowledge and will be aimed toward building local capacity by providing opportunities for training and involving community members in the development and conduct of research.

To ensure the Study will focus on current and relevant research topics, a number of initiatives aimed at identifying and prioritizing research needs are being addressed in the 2002/2003 fiscal year. Workshops have been held in each region to obtain input from community representatives regarding key issues and concerns. The Study is also helping to fund a comprehensive review of past research conducted in the western NWT in order to identify significant information gaps.

For more information on the Western NWT Biophysical Study, please contact Ray Case, Wildlife and Fisheries, RWED in Yellowknife at (867) 920-8067.

NWT Oil & Gas Exploration– Winter 2002/2003

Over the past several years, oil and gas exploration in the NWT has been on a steady increase. In 2001, expenditures on exploration activities in the NWT totalled $258 million. This amount was exceeded during the 2002 winter season, with over $350 million being spent.

However, the 2002/03 winter season will see a change in that trend as there will be a decline in overall exploration levels in the NWT. This is especially evident in the Mackenzie Delta where, after an exceptionally busy season last winter, total exploration expenditures may be down by over 75%. There are many reasons for this decline, including the natural cycle of exploration activity, budget cutbacks, and uncertainty concerning the proposed Mackenzie Valley Gas Pipeline.

There are some positive developments though as other regions of the western NWT will experience exploration levels comparable to or greater than last year. In the Sahtu region, several wells will be drilled in the Colville Hills area. Paramount Resources will continue with the work it began last winter in the Cameron Hills, south of Enterprise. And most noteworthy, the Fort Liard region will experience high levels of activity as Anadarko Canada pursues an ambitious drilling program of up to 12 wells.

The charts on the following page are a summary of the proposed exploration activity in the NWT for this coming winter. Please note that the "Budget" and "Employment" figures are only approximations, based on company estimates and/or comparisons to similar projects in past years.

WINTER PROJECTS SUMMARY 2002/2003

Mackenzie Delta

Proponent	Nearest Community	2D Seismic	3D Seismic	Drilling	Other Projects	Budget	Direct Employment
Chevron Canada Resources	Tuktoyaktuk (Langley Island)			1 well *(pending)*		$10M	50
EnCana	Tuktoyaktuk (Richards Island)	650 kms				$12-15M	80
Petro-Canada	Tuktoyaktuk/ Inuvik			1 exploratory well		$20M	50
Devon	Tuktoyaktuk/ Inuvik			1 – 2 wells *(pending)*		$20-30M	60
TOTALS		**650 kms**		**1 well 3 pending**		**$62-75M**	**240**

Central Mackenzie

Proponent	Nearest Community	2D Seismic	3D Seismic	Drilling	Other Projects	Budget	Direct Employment
Paramount Resources	Colville Lake			1-2 exploratory wells	135 kms of access roads	$8M	50
CNRL	Colville Lake (Lac Belot)			3 exploratory wells	150 kms of access roads	$12M	60
Devlan Exploration	Tsiigehtchic			1 well		$7M	50
Hunt Oil	Tsiigehtchic	2D Program *(Pending)*					
TOTALS		**200 kms**		**5 – 6 wells**		**$27M**	**160**

Deh Cho

Proponent	Nearest Community	2D Seismic	3D Seismic	Drilling	Other Projects	Budget	Direct Employment
Anadarko Canada Energy Ltd.	Fort Liard / Nahanni Butte			1 well approved 1-3 wells (Netla) 5-8 wells (Arrowhead)		$30-50M	200
Chevron	Fort Liard			1 well	Install water pipeline	$10M	50
Paramount Resources Ltd.	Fort Liard			1 well 2 wells pending	Tie-in to pipeline	$4M	40
Paramount Resources Ltd.	Cameron Hills		$20km^2$	3 wells	Gathering lines, possible Oil Battery	$10-12M	100
TOTALS			**$20km^2$**	**12—19 wells**		**$54-76M**	**390**

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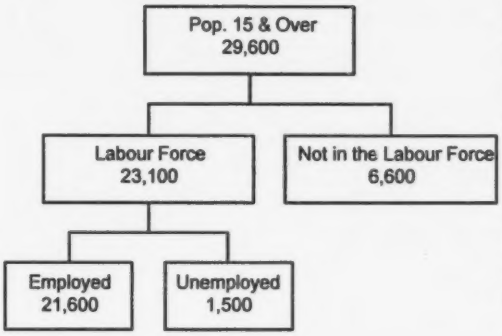
NWT LABOUR FORCE ACTIVITY – OCTOBER 2002



For October 2002, Statistics Canada estimates that of the 29,600 residents 15 years of age and older in the Northwest Territories, some 21,600 persons were employed. This represents an overall employment rate of 73.0%. Overall, NWT employment levels remained unchanged between September 2002 and October 2002.

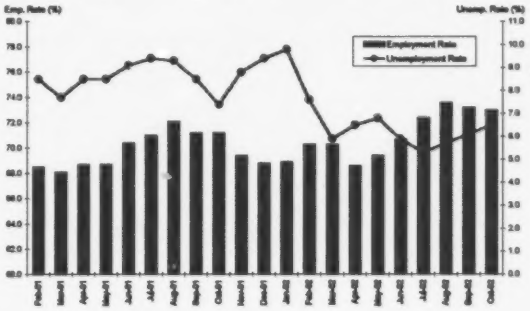
For October, there were some 1,500 persons who were unemployed in the Northwest Territories, which is an increase of 100 from September. The overall NWT unemployment rate stood at 6.5% for October. This compares with the unemployment rate for Canada of 6.9% in October.

On a year to date basis for the January to October period, the number of unemployed persons in the Northwest Territories has been, on average, 480 lower for 2002 compared with the same period in 2001.

Source: NWT Bureau of Statistics. *Labour Force Activity—October 2002*

EMPLOYMENT AND UNEMPLOYMENT RATES

NORTHWEST TERRITORIES 2001/2002



Source: NWT Bureau of Statistics. *Labour Force Activity—October 2002*

REGIONAL CONTACTS

Career Centres and Canada-NWT Service Centres
Education, Culture and Employment

Fort Simpson (Deh Cho Hall)	695-7334
Fort Smith (Sweetgrass Building)	872-7217
Hay River (Courthouse Building)	874-9200
Inuvik (1st Floor Perry Building)	777-7323
Norman Wells (Government Building)	587-2566
Yellowknife (Joe Tobie Building)	766-5100

Resources, Wildlife and Economic Development

Hay River	874-6702
Fort Simpson	695-2231
Fort Smith	872-6400
Inuvik	777-7102
Norman Wells	587-3503
Fort Liard	770-4300
Yellowknife (Scotia Centre)	920-8691

Comments or Questions? Contact...
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Robert Redshaw—Resources, Wildlife and Economic Development (867) 920-8954, robert_redshaw@gov.nt.ca